



# **U.S. Army Materiel Command Partnership Program**

## **Business Development Plan**

**5 Jul 06**

**AMCBT-I**

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# **The Army Materiel Command Partnership Program Business Development Plan**

## **Purpose**

The purpose of this plan is to outline the policies, goals and responsibilities for the Army Materiel Command (AMC) Partnership Program in support of the AMC Avenues of Change roadmap for transformation and CG AMC partnership memo of 21 Apr 2006.

## **Mission**

The mission of the AMC Partnership Program is to improve capabilities and performance of AMC's industrial sites through cooperation between the public and private sectors.

## **Vision**

The vision of the Program is a forward thinking and responsive enterprise that has the capability and capacity to satisfy the joint warfighter's materiel requirements.

## **Objectives**

The overarching objectives in support of this plan are to:

- Improve operational efficiencies
- Lower the cost of products and services
- Accelerate innovation
- Secure private investment
- Sustain critical skills and capabilities

## **Scope**

The scope of the Program includes Headquarters (HQ) AMC, Life Cycle Management Commands/Major Subordinate Commands (LCMCs/MSCs), Maintenance Depots, Manufacturing Arsenal, Ammunition Plants and other eligible field activities.

## **Partnership Strategies – Growing Partnerships**

To achieve these objectives, the Program must increase the impact of partnerships across AMC's facilities. The three supporting strategies are to:

- Make Partnerships Easier and More Beneficial – Remove partnership barriers by shaping legislation, regulations and policies that enable the development and support of partnerships driving decisions down to the lowest possible level based on common business rules. Provide education and training to public and private sector workforces.

Enhance AMC Partnership Value – Make AMC a more attractive partner by enhancing capabilities, modernizing facilities, decreasing costs, improving quality, increasing agility, collaborating and improving innovation.

Stimulate Demand – Display AMC capabilities, promote partnership opportunities through a promotional campaign, provide enterprise-wide partnership matching and increase the speed of delivery for partnerships.

To be effective, these strategies must be executed at multiple levels. Most important are the individual facilities that must develop potential partners, evaluate proposed partnerships, approve partnership proposals and execute partnership arrangements. LCMCs/MSCs will provide a commodity-wide view of partnerships and serve as the first level of support for the facilities. HQ AMC will provide an enterprise-wide view of the Partnership Program and provide support to the facilities and the LCMCs/MSCs and participate in AMC-wide corporate level strategic partnerships. HQ AMC G-7 will serve as staff lead for AMC's Partnership Program.

## **Making Partnerships Easier and More Beneficial**

### ***Legislative Changes***

LCMCs/MSCs will submit proposed legislative changes to HQ AMC on a continual basis. HQ AMC will develop the proposals and submit them during the annual legislative cycle.

### ***Regulations and Policies***

LCMCs/MSCs will submit proposed Defense, Army and AMC regulation changes to HQ AMC on a continual basis. HQ AMC will champion appropriate proposed changes to regulations and policies.

### ***Business Rules***

Partnerships should be reviewed and approved at the lowest possible level. The following business rules provide guidance in ensuring that partnership decisions consider all relevant factors.

Facility Commanders will pursue partnerships in compliance with statutory law and regulations. They will avoid partnerships detrimental to the Army's mission and ensure that proposed partnerships provide a tangible benefit. For each partnership, facility Commanders will:

- Conduct an analysis to document the economic and operational advantages to the government. The business analysis may be a Business Case Analysis (BCA), a cost benefit analysis, or any other analysis that identifies the costs and tangible benefits to the facility. LCMC/MSC cost analysis office will validate all analyses.

- Assess potential operational, legal, real estate, safety/OSHA/fire, force protection, counterintelligence, environmental, facility utilization, future requirement, Performance Based Logistics, contractual and resource management issues. Include encroachment concerns, not only off-post, but the effect of potential on-post encroachment from the proposed activities and strategies to mitigate potential risks.

Coordinate with Program Managers or Item Managers as required to validate current and potential future mission requirements, preserve current infrastructure and retain workforce skills and capabilities needed to support current and future Army missions. Appendix C contains a checklist to assist the facility Commanders to partner with the private sector.

Include contractual termination clauses in each partnership agreement to allow termination for cause (including nonperformance), convenience for mutually agreed upon reasons and for national defense needs. Preserve the flexibility necessary for the Army to recover the use of the facilities and personnel if needed for mission requirements.

Installation Commanders will normally exercise approval of partnership agreements unless public law or regulation state otherwise. LCMCs/MSCs will review and evaluate proposed direct sales agreements per 10 USC 2208, 4543 and 4544. Proposals for Centers of Industrial and Technical Excellence will be submitted to the Secretary of the Army via the LCMC/MSC and HQ AMC. See Appendix D for a matrix of decision levels for particular Statutes and Public Laws.

## **Enhance AMC Partnership Value**

Capability improvements will be achieved through additional supporting strategies such as Lean Six Sigma continuous process improvement, facility investments and human capital development. The AMC Industrial Base Strategic Plan defines each of these strategies.

## **Stimulating Partnership Demand**

### ***Capabilities Inventory***

An important aspect of creating an enterprise-view of the Partnership Program is the identification of AMC's potential partnership capabilities. Facilities will provide an annual update of capabilities and further identify those capabilities that are suitable for further partnership development. HQ AMC will create, maintain and distribute an OpSec-approved unclassified and publicly releasable inventory of enterprise-wide capabilities.

### ***Promotional Campaign***

Marketplace awareness of AMC partnership opportunities is also critical. Responsibilities for raising awareness will be executed at three levels. HQ AMC will facilitate an enterprise-wide outreach program with national scope across all capabilities and commodities, and provide guidance to all levels to promote a consistent pursuit of partnership opportunities. LCMCs/MSCs will establish commodity-wide synergies for sharing capabilities and cultivating partnerships. Facilities will promote their capabilities at the national, regional and local levels.

Examples of promotional opportunities include Defense-Industry forums such as the Association of the United States Army Symposia, and the Defense Manufacturing, Logistics Management and Small Business Conferences. In addition, partnership opportunities will be on the agenda for Advanced Planning Briefings to Industry and similar forums.

HQ AMC will:

Actively market AMC-wide capabilities at the national level.

Develop and distribute multimedia products that show the capabilities, successes and opportunities across AMC. An example is the AMC Metal Book, which is designed to educate industry, commanders and program managers about AMC's organic capabilities. Each organic facility is highlighted, providing the reader a snapshot of AMC's organic base to include the facilities' mission, capabilities, partnerships with industry, and contact information. The web address is:  
<http://www.amc.army.mil/partnering/Metalbook.pdf>.

Maintain the AMC "Partnership Opportunities with Industry" web page that provides access to facility capabilities, partnership opportunities and partnership points of contact. The web address is: <http://www.amc.army.mil/partnering/>.

Maintain the AMC Partnership Handbook and Tutorial on the Army Partnership Knowledge Center. The web address for the Handbook and Tutorial is:  
<https://www.us.army.mil/suite/kc/881063>.

Refer partnership inquiries to appropriate LCMC/MSC and facility(ies) for further development.

### ***Partnership Matching***

HQ AMC and LCMCs/MSCs will assist in matching potential partners with facilities and provide support to facilities in targeting specific industries for future partnerships.

## **Performance Goals**

LCMCs/MSCs in coordination with each facility will develop facility-specific goals for enhancing the value of partnerships. Goals may include partnership revenue, partnership capital investment and percent utilization of facility/plant capacity available for partnerships.

## **Reporting**

### ***Ongoing Partnerships***

Reporting is shown in Appendix E. The quarterly report will provide an "in process" assessment of a facility's partnership accomplishments to date. Facilities reporting through the CG AMC Weekly Production Update (WPU) will use that forum to provide their quarterly information. Facilities not reporting through the WPU will provide their report separately.

### ***Prospective Partnerships***

Once a facility Commander initiates formal negotiations with a prospective partner, the Commander will notify HQ AMC's G-7 via the respective LCMC/MSC using the format in Appendix F. In the case where a partnership is part of a procurement competition the partnership notification will be forwarded. However, the name of the potential partner will be withheld until contract award.

# **Appendices**

## Appendix A:

### Definitions

**Contract:** A binding agreement between two or more parties for the supply/sale of goods or services or use of facilities on a fixed or flexibly priced basis with consideration in cash or in kind.

**Facility and Plant Utilization from Partnerships:** Measurement of a facility's available real estate and capacity for partnerships as compared to the real estate and capacity that is currently utilized by partners.

**Facility Investments:** The investments in the organic base such as Military Construction, Fund 22, Capital Investment Program and Procurements.

**Human Capital Development:** The creation of expanded strategies for establishing the replacement organic workforce with the goal of achieving a flexible, multi-skilled workforce for meeting future skill requirements.

**Facility Use Agreement:** A written agreement under which the property owner (government) allows a government or private tenant to use the real estate, equipment, or facilities for a specified period of time for monetary or other type of payment or rent free for government requirements.

**Partner's Capital Investment:** Partner's investment in an organic facility's plant or equipment as result of a partnership.

**Partnership Agreement:** A documented business relationship between two or more groups that is characterized by mutual cooperation, trust and responsibility to achieve a specified goal. In general, Partnership Agreements include, but are not limited to, one or more of the following:

- a. Private sector use of Army land, equipment or facilities to perform work for the military or commercial purposes.
- b. Use of Army land, facilities, equipment and employees to perform work or produce goods for the private or public sector especially where a portion of their production directly supports the military or is part of a Performance-Based Logistics agreement in consonance with permitted activities.
- c. Work-sharing arrangements that use Army and private sector facilities and/or employees.
- d. Utilization of Army real or personal property under the Armaments Retooling and Manufacturing Support (ARMS), Arsenal Support Program Initiative (ASPI) and Enhanced Use Leasing (EUL).
- e. Contracts where the private sector provides material management and engineering support to our facilities, especially where substantial use of Army facilities or equipment is authorized.

**Partnership-Related Revenue:** Revenues arise when a government entity provides goods and services to the public or to another government entity for a price, or more specifically, the income resulting from completing customer orders. (DoD Financial Management Regulation Vol 4 Chapter 18)



## **Appendix B**

# **Statutory Provisions Relevant to Public-Private Partnerships, Sales of Articles and Services, Maintenance Depots and Manufacturing Arsenal**

### **Depot Maintenance**

#### **10 U.S.C. § 2460**

- Definition of “depot-level maintenance and repair.”

#### **10 U.S.C. § 2464 (Core Logistics Statute)**

- Requires organic capability to maintain and repair weapon systems and equipment designated for strategic and contingency plans.
- Assign sufficient workload to organic base to ensure cost efficiency and technical competence.
- Such workload is not subject to A-76 study except under SecDef waiver with Congressional notification.

#### **10 U.S.C. § 2466 (50/50 rule)**

- Not more than 50% of the funds for depot-level maintenance and repair workload may be used to contract for performance by non-federal personnel.
  - ❖ There are statutory exceptions to the requirement in 10 U.S.C. § 2474 (until September 30, 2009) and 10 U.S.C. § 4544.
- SecDef may waive for any fiscal year with Congressional notification.

#### **10 U.S.C. § 2469**

- No change in the performance of depot-level maintenance and repair workload over \$3 million unless use of merit-base selection among organic base or competitive procedures through public-private competitions.
  - ❖ There is a statutory exception for public-private partnerships under 10 U.S.C. § 2474.
- A-76 procedures do not apply.

## **10 U.S.C. § 2470**

- A DoD depot-level activity may compete for the performance of depot-level maintenance and repair workload of other federal agencies where competitive procedures are used.

## **10 U.S.C. § 2304e**

- A DoD entity may not compete in a procurement that has been set-aside for small businesses, small disadvantaged businesses or historically black colleges and universities.

## **Annual Appropriation Act Provision for Public Private Competition [See e.g., section 8031 of Public Law 108-287, 118 Stat. 977 (2004)]**

- DoD may acquire the modification, depot maintenance and repair of aircraft, vehicles and vessels as well as the production of components and other articles through public-private competitions.

## **Direct Sales Statutes**

### **10 U.S.C. § 2208(h)**

- Supplies from a working-capital funded inventory may be sold to contractors for use in performing DoD contracts.

### **10 U.S.C. § 2208(j)**

- Permits a DoD industrial facility financed through working-capital funds to sell articles and services outside of DoD if the purchaser is fulfilling a DoD contract and the solicitation for the contract or subcontract was open to public-private competition or is subject to an exception for depot CITES.

### **10 U.S.C. § 2474 (CITEs Statute) (Public-Private Partnership Statute)**

- A depot-level activity designated by SecArmy as a Center of Industrial and Technical Excellence (CITE), in the recognized core competencies of the designee, may enter into public-private partnerships.
- Public-Private Partnerships allow:
  - ❖ CITE employees under a contract, subcontract, or otherwise to perform work related to core competencies.
  - ❖ Use of facilities and equipment.
- Indemnification by private parties for any claim for damages or injury to any person or property arising out of use of equipment or facilities except for the circumstances described in 10 U.S.C. § 2563 [willful misconduct or gross negligence by the government or a failure by the government to comply with

quality, schedule or cost performance requirements of the contract] and a government decision to suspend or terminate the use of the equipment or facilities during a war or national emergency.

- Fiscal provisions –
  - ❖ Amounts received shall be credited to the appropriation or fund (including a working-capital fund) that incurs the cost of performing the work.
  - ❖ Permits payment in kind for property use.

#### **10 U.S.C. § 2539b**

- DoD activity may:
  - ❖ Sell, rent, lend, or give samples, drawings and manufacturing or other information to persons;
  - ❖ Sell, rent, or lend government equipment or materials to persons for use on independent research and development projects or demonstrations to a friendly foreign government; or
  - ❖ Make available for a fee the services of any government laboratory, range, or other testing facility for the testing of materials or equipment.
- Fees may be credited to the appropriations or other funds of the activity providing the services.

#### **10 U.S.C. § 2563**

- A designated DoD working-capital funded industrial facility may sell articles and services that are not available from any United States commercial source.
  - ❖ This section does not apply to activities covered by 10 U.S.C. § 4543.
- Conditions of sales -
  - ❖ It is determined that the articles or services are not available from commercial source in the required quantity and quality or within the time required.
  - ❖ The purchaser agrees to hold harmless and indemnify from any claim for damages or injury to any person or property arising out of the sale, except for government willful misconduct or gross negligence or where the claim arises from the failure of the government to comply with quality, schedule or cost performance requirements of the sales contract.
  - ❖ It is in the public interest to manufacture the articles or perform the services.
  - ❖ It is determined made that work will not interfere with military mission of the industrial facility.

- Sales contract may be for a fixed-price and may use advance incremental funding.
- Proceeds from work shall be credited to the fund, including working capital and operation and maintenance funds, incurring the cost of performance.

#### **10 U.S.C. § 4543**

- Army working-capital funded industrial facilities (including manufacturing arsenals) that manufacture large caliber cannons, gun mounts, recoil mechanisms, ammunition, munitions, or components may sell manufactured articles or services to persons outside of DoD.
- Conditions for sales -
  - ❖ The article is sold to a United States manufacturer, assembler, developer, or other concern -
    - For use in developing new products;
    - For incorporation into items to be sold to, or to be used in a contract with, an agency of the United States;
    - For incorporation into items to be sold to, or to be used in a contract with, or to be used for purposes of soliciting a contract with a friendly foreign government; or
    - For use in commercial product.
  - ❖ The purchaser is determined to be qualified to carry out the work involving the article to be purchased.
  - ❖ The sale does not interfere with DoD work at the facility.
  - ❖ The performance of services will occur in the United States.
  - ❖ SecArmy determines that the articles or services are not available from a commercial source (three Army facilities [Rock Island and Watervliet Arsenals and McAlester AAP] are temporarily exempt from this condition).
  - ❖ The purchaser agrees to hold harmless and indemnify the United States, except in case of government willful misconduct or gross negligence, from any claim for damages or injury to any person or property arising out of the sale.
  - ❖ It is in the public interest to manufacture the article or perform the service.
- Approval level for sales is at the major subordinate command level within AMC.

- Sales may be made on a fixed-price basis and provide for advance incremental funding.
- Proceeds are credited to the working-capital fund in accordance with 10 U.S.C. § 2210.

#### **10 U.S.C. § 4544 (Cooperative Arrangement Statute)**

- Any Army working-capital funded industrial facility may enter into a contract or cooperative arrangement to carry out a military or commercial project with a person outside of the Army.
- Authorized activities –
  - ❖ Sale of articles made by the facility or of services performed by the facility.
  - ❖ Performance of work by non-Army entity at the facility.
  - ❖ Sharing of work by the facility and a non-Army entity.
  - ❖ Use of the facility or equipment.
  - ❖ Preparation and submission of joint offers for competitive procurements with a federal agency.
- Conditions –
  - ❖ Work to be done must be substantially performed by the facility.
  - ❖ Work must not interfere with mission of the facility.
  - ❖ Non-Army entity must agree to hold harmless and indemnify the United States from any liability or claim for damages or injury to any person or property arising out of the activity under this section or suspension or termination of the work due to war or national emergency except for government willful misconduct or gross negligence and in case where the claim arises from failure of the government to comply with quality, schedule, or cost performance requirements in the sales contract.
- Contract and cooperative arrangement may be for a fixed-price, allow incremental payments, or for payment in-kind.
- Approval level for contracts and cooperative arrangements is at the Commander of the Major Subordinate Command level.
- Commercial sales are defined as not including work performed for DoD contracts, foreign military sales, or authorized direct sales of defense articles or services.
- Temporary legislation (good until September 30, 2009).

## **22 U.S.C. § 2770 (Defense Exports)**

- Subject to export controls, government agencies may manufacture, procure, or sell defense articles to any United States company for incorporation into end items (and for concurrent or follow-on support) to be sold by such company either on a direct commercial basis to a friendly foreign country or international organization, or in the case of ammunition items, using commercial practices which restrict actual delivery directly to a friendly foreign country or international organization.
- Services under the statute must be performed in the United States.
- Conditions for sale –
  - ❖ Articles would normally be supplied to contractor as government-furnished equipment or materials.
  - ❖ Articles and services are available only from the government or are not available directly from commercial sources at such time to meet delivery schedule.

## **Use of Army Facilities**

### **10 U.S.C. § 2667**

- Allows for the leasing of non-excess DoD property.
- Leasing is a function of the U.S. Army Corps of Engineers.

### **FAR Part 45**

- Authorizes the Government to provide facilities for use by contractors in specified circumstances relating to work for the Government.

## **Armament Retooling and Manufacturing Support (ARMS)**

### **10 U.S.C. §§ 4551 – 4555**

- Applies to government-owned, contractor-operated (GOCO) Army ammunition facilities.
- Purposes include the following:
  - ❖ To encourage commercial firms to use ammunition manufacturing facilities for commercial purposes.
  - ❖ To maintain a work force having skills necessary to meet industrial emergency planned requirements for national security purposes.
  - ❖ To serve as a model and a laboratory for future defense conversion initiatives.

- ❖ To reduce or eliminate the cost of Government ownership of ammunition manufacturing facilities, including the cost of operations and maintenance, and the cost of environmental remediation.
  - ❖ To reduce the cost of ammunition products.
  - ❖ To leverage private investment at ammunition manufacturing facilities through long-term facility use contracts, property management contracts leases or other agreements.
  - ❖ To reduce or eliminate the cost of asset disposal that would be incurred if property at ammunition manufacturing facilities were declared excess to the needs of the Army.
- Operating contractor is authorized to subcontract with commercial firms to use facilities for commercial purposes.
- ❖ A subcontract can last for up to 25 years.
  - ❖ Contractor operates as property manager and retains rentals from subcontractor/tenants.
- It allows for consideration to the government be in a form other than rental payments or revenue generated at the facility.
- ❖ Statutory authority to accept consideration in-kind.
  - ❖ Consideration may include –
    - The improvement, maintenance, protection, repair and restoration of the facility.
    - Reduction in overhead costs.
    - Reduction in product costs.
    - Demilitarization and storage of ammunition.
  - ❖ The Army annually negotiates consideration with contractor based on projected tenant revenues.
- Funds appropriated for ARMS may be used for administrative support and management of the program.
- The Secretary of the Army may guarantee loans to encourage commercial firms to become tenants of facilities. During a fiscal year up to \$20 million with respect to any single borrower and an aggregate of \$320 million for all borrowers may be guaranteed.

## **Arsenal Support Program Initiative (ASPI)**

**Section 343 of Public Law 106-398 [114 Stat. 1654A -65 through 67 (2000)], 10 U.S.C. §4551 note.**

- It requires that a demonstration program be conducted to maintain the viability of the Army manufacturing arsenals and the unique capabilities of the arsenals to support the national security interest of the United States.
- The demonstration program utilizes commercialization and product diversification to achieve the following program objectives:
  - ❖ Reduce ownership costs;
  - ❖ Maintain industrial readiness;
  - ❖ Sustain a skilled work force; and
  - ❖ Support development of the manufacturing arsenal.
- Provides authority to enter into contracts with commercial firms to (1) use the manufacturing arsenal or a portion of the arsenal, or the skilled workforce at the arsenal to manufacture weapons, weapon components or related products and (2) enter into subcontracts for the commercial use of the arsenal.
  - ❖ Use must be consistent with 10 U.S.C. § 4543.
  - ❖ A contractor must contribute toward the operations and maintenance of the manufacturing arsenal covered by the contract.
  - ❖ In the event the manufacturing arsenal is converted to contractor operation, such contract may provide that arsenal may be used in a manner consistent with the purposes of ASPI and allowed to enter into subcontracts for the commercial use of the arsenal.
- The Secretary of the Army may guarantee the repayment of any loan made to a commercial firm, within the amounts provided in the statute (\$20 million to a single borrower and \$320 million with respect to all borrowers), to fund the establishment of a commercial activity at the manufacturing arsenal.
- The statutory authority is good through September 30, 2008.

## **10 U.S.C. 4532(a) (Army Arsenal Statute)**

- Requires the Secretary of the Army to have supplies need for the Army made in Government-owned plants and manufacturing arsenals to the extent it is economical.
- Use of a Government manufacturing arsenal or plant is considered economical if it is cheaper on an out-of-pocket cost basis.



## Appendix C

### Partnership Proposal Checklist

The following checklist is provided as guidance for the facility Commanders in assessing partnerships with the private sector.

#### a. Facility Utilization:

1. Analyze the core capabilities and utilization rate to identify capabilities that can be made available to prospective private partners.
2. Identify underutilized land, buildings and industrial plant equipment that can be made available for potential partnerships.
3. Coordinate with the regional Installation Management Activity office to determine if proposed facilities are not tagged for demolition, refurbishment or reutilization by another activity, as applicable.

#### b. Future Requirements:

1. Ensure that potential partnerships do not adversely impact the facility's ability to meet programmed future requirements to sustain the Army's mission.
2. Coordinate with PEOs/PMs to verify programmed requirements.

#### c. Legal:

1. Partnership proposal is not contrary to statutory or regulatory requirements.
2. In coordination with Force Protection, assess and document the potential legal liability impact from denying contractors' access to facilities is assessed and documented, and develop a strategy to mitigate the risks.
3. Prospective partner provides liability insurance with adequate coverage to protect Army from future liability.

#### d. Force Protection:

1. Assess and mitigate the risk to DoD's military and civilian personnel and dependent family members; DoD contractors; DoD installations and facilities; DoD-owned, leased, or managed infrastructure and assets critical to mission accomplishment, and other DoD-owned, leased, or managed mission essential assets. (DoDD 2000.12, AR 525-26, AMC-R 525-13).
2. Ensure that partners understand and support their Force Protection (FP) obligations such as participation in FP Working Groups and identify point of contact to receive threat warnings and information.

3. Ensure that the 1<sup>st</sup> Information Operations Command (IOC) conduct an annual Information Assurance Vulnerability Assessment (IAVA) of the Internet Protocol addresses of partners that support Army programs, and that the partners perform quarterly self-assessments of the same IP addresses. The software necessary to perform the quarterly self-assessments is available from IOC at no cost.
4. DoD, NORTHCOM and DA Force Protection measures during Force Protection Condition Charlie or Delta will normally prevent access of commercial tenants to leased spaces. Ensure that the partner understands the various measures and in coordination with legal devise a strategy to mitigate the risk(s) associated with possible liability lawsuit for constructive eviction.
5. Ensure that new construction, major modification, or conversions of any building that the partner requires meets the Unified Construction Criteria contained in UFC 4-010-01, DoD Minimum Antiterrorism Standards for Buildings, 31 Jul 02; UFC-4-021-01, Design and O&M Mass Notification Systems, 18 Dec 02, and UFC 4-023-03, Design of Buildings to Resist Progressive Collapse, 25 Jan 05.
6. Assess the possibility that a potential tenant may wish to engage in industrial espionage against a competitor on the facility, and develop contingency plans to mitigate potential risks(s).

**e. Counterintelligence:**

1. Ensure that the partners' facility personnel meet US Army/DoD Personnel Security requirements to include assessments on susceptibility to foreign intelligence service (FIS) exploitation and insider threat.
2. Ensure that you have a written report from the 902<sup>nd</sup> Military Intelligence indicating that the partner and principal officers have been assessed for potential human intelligence, imagery intelligence, measurement and signature intelligence and signals intelligence vulnerabilities and threats before committing to the partnership.
3. Screen partner's in academia to ensure they do not pose as fronts for any foreign intelligence service and screen companies involved to determine foreign ownership controlling interests (if any).

**f. Safety/Occupational Safety and Health Administration (OSHA)/Fire:**

1. Provide oversight of developed area sufficient to protect Army's and public's interest. Oversight should not place the Army in a role as a multi-site employer.
2. Assess the effect of the proposed partnership on the explosives quantity-distance requirements on the Army's operations and operations in the surrounding developed area. Specifically, effect on DoD's explosives capabilities and capacity.
3. Inform prospective partners if their facilities and equipment do not meet OSHA or National Fire Protection Association (NFPA) standards, other local or state codes.

4. Assess need to decontaminate energetic and Hazardous Materials (HAZMAT) facilities and equipment before allowing private sector use. Identify funding required to decontaminate the material.
5. Ensure that the proper authority and procedures for oversight of the private partner's handling of non-DoD HAZMAT are in place.
6. Ensure that the installation/facility emergency control plan covers any potential contingency that could result from the partnership agreement.
7. Assess and document the need to reduce the storage of explosives and production quantities as result of the proposed partnership. Develop contingency strategy to mitigate the risks.
8. Assess the impact of the partnership on the transportation of explosive and hazardous material. If the use of nearby rail yard will be limited only to non-explosive handling, develop a contingency strategy to mitigate the adverse impact on the transportation and distribution mission.
9. Assess the need to modify government traffic patterns to prevent potential increased accident rates as result of changes or increases in vehicular and pedestrian traffic in specific areas as result of the partnership.
10. Ensure that the contract/partnership agreement with the commercial tenants contains provisions that require the partner to follow DoD's and Army's Safety and OSHA Standards, where applicable. This could prevent a potential accident with a loss of government property or human life.
11. Identify and document any medical and fire responses and responsibilities that will be required to support the partnership, and ensure that the partner is responsible for their own medical needs unless the partnership agreement specifically provides for government support in this area.
12. In coordination with Legal and Environmental, ensure that Army liability for the partner's handling of hazardous materials and operations is mitigated.
13. If the partner has more than 10 employees, ensure that they are committed to compliance with OSHA policies and Federal, State and Local regulations.
14. Assess and mitigate Army's liability with fire codes as result of operations in support of the partnership.

**g. Environmental:**

1. Ascertain if the partnership proposal involves storage, treatment and disposal of non-DoD toxic and hazardous materials requiring approval under 10 USC 2692.
2. Assess if the partnership proposal will involve the generation of hazardous waste or other activities that create potential environmental liability. If so, develop a risk mitigation strategy.

3. Assess the liabilities and risks associated with compliance with Federal, State and Local Environmental laws and regulations as result of the partner's operations within the facility. Develop a risk mitigation strategy.

**h. Real Estate:**

1. Ensure that the private partner provides adequate and reasonable compensation for the property.
2. If the partnership proposal involves leasing or granting an interest in Army real estate to a private party, document and assess the impact to current and future Army mission.
3. Understand and document the legal authority for granting the real estate interest such as Armament Retooling and Manufacturing Support (ARMS), Arsenal Support Program Initiative (ASPI) or Enhanced Use Leasing (EUL).
5. Get real estate and legal support for preparation and negotiation of the appropriate real estate or contractual instruments.
6. If the property is unutilized, underutilized, or excess to mission requirements, report it for possible new mission assignment or as excess. Discuss with Army Corps of Engineers to ensure that retention of the property is not an issue. The first priority should be to other existing depots that may have a need for the facility.

**i. Performance-Based Logistics (PBL):**

1. If the partnership agreement is part of a PBL strategy, ensure that the metrics used to assess the performance requirement(s) are in accordance with the scope of the Performance Based Agreements (PBA).
2. Ensure that the responsibilities in the PBA are those that the PEO/PM, Product System Integrator (PSI) and Program Support Provider (PSP) agreed upon. The PSI is responsible for the coordination, integration and oversight of a partnership agreement that is part of the PSP's network.

**j. Contractual:**

1. Ensure contractual language regarding the specific performance period is included in the Partnership Agreement. An example would be identification of the timeframe for the partner to vacate the facility and turn over any equipment and material, if appropriate.
2. Ensure contractual language is included in the Partnership Agreement that addresses the cost share distribution between the parties of the Partnership Agreement.
3. Ensure that the partnership agreements include the appropriate metrics to measure the partner's success
4. Ensure appropriate incentives and disincentives are identified, if any.

5. Ensure contractual language is included in the Partnership Agreement that addresses how disputes will be resolved.
6. Ensure contractual language is included in the Partnership Agreement that addresses a termination for convenience or cause.
7. Ensure contractual language is included in the Partnership Agreement that addresses quality assurance requirements.
8. Ensure contractual language is included in the Partnership Agreement that addresses technical data rights (e.g., specifically addresses the Government's rights, if applicable).
9. Ensure contractual language is included in the Partnership Agreement that addresses product warranty requirements, if applicable.

**k. Resource Management:** Ensure an appropriate analysis was conducted and LCMC/MS cost analysis team validates.

## Appendix D – Approval Level Statute/Law

STATUTE	SALE OF	SALE TO	FOR	RESTRICTIONS	FINANCIAL	APPROVAL LEVEL
10 USC 2208 (h)	AWCF inventory	Contractors	Use in performing DOD contracts		Reimburse fund	Procurement Contracting Officer
10 USC 2208 (i)	Manufactured or re-mfd goods or services as subcontractor	Contractors	Fulfilling DOD contract or subcontract	Solicitation for contract/subcontract must be open to public/private competition	Omit costs of DOD-designated "mission-critical activities", ancillary activities	Commander of Major Subordinate Command (MSC)
10 USC 2563 (Does not apply to facilities covered by 10 USC 4543)	Articles and services	Person outside DOD	DoD Working Capital funded industrial facilities (Except Army facilities utilizing 10 USC 4543.	Items/services not commercially available; buyer indemnifies US, but gross negligence/willful misconduct/Govt noncompliance excluded	Advance incremental payments; Firm Fixed Price; variable costs + deprec. + capital improvement	Secretary of the Army
10 USC 4543 (Mfr of large cal cannon, gun mounts, recoil mech., munitions or components)	Manufactured items/related services	U.S. company	DOD, USG, friendly foreign government, or commercial	Items/services not commercially available; buyer indemnifies US	Advance incremental payments; may be Firm Fixed Price/variable costs if commercial item	Commander of MSC responsible for facility (By statute)
10 USC 4544	Articles and services	Non-Army Entity	Military or commercial work	Buyer indemnifies US, but gross negligence/willful misconduct, Govt noncompliance excluded	Incremental payment; Firm Fixed Price	Commander of MSC responsible for facility (by statute)
22 USC 2770	Defense articles and services	U.S. company	Incorporation into end items for friendly foreign country	Items/services not commercially available; buyer indemnifies US export license/ possible end-user certificate	Advance payment of estimated costs; full cost	Head of Contracting Activity (delegation)

## Appendix D – Approval Level Statute/Law (Continued)

STATUTE	SALE OF	SALE TO	FOR	RESTRICTIONS	FINANCIAL	APPROVAL LEVEL
10 USC 2474 (Centers of Industrial Technical Excellence)	Services related to depot-level activity core competencies, or use of facilities or equipment	Private industry	Public-private partnership to increase use/decrease costs, or encourage creation and preservation of jobs to maintain skills	Must have no adverse effect on readiness; private industry must indemnify US	Reimburse direct & indirect costs to fund that incurred; can use revenues for facility operation, maintenance & env. restoration	Center (by statute)
10 USC 2539b (Sale/transfer of data, certain items and services of RDT&E activities)	Samples, drwgs, equipment/mtls lab/test facilities	Person or entity	Independent research & development or use in demonstrations to friendly foreign govts	Equipment/materials must be used exclusively for research and development	Recoup direct and indirect costs	Lab director or activity commander (by regulation)
10 USC 2681 (Use of major test and evaluation installations)	Facility use	Commercial entity	Conduct commercial test and evaluation at a Major Range and Test Facility		All direct costs must be reimbursed; indirect costs as appropriate	Test Range Commanders (by regulation)
15 USC 3710a (Cooperative Research and Development Agreements)	R & D work by federal "lab", or use of lab's equipment and facilities	Non-federal entity	Enhancing technological knowledge of lab and private sector for mutual benefit; transferring technology	R & D must be consistent with lab's purpose, not unduly compete with services in private sector	Reimburse direct & indirect costs to fund that incurred costs	Director of federal laboratory (By statute)
10 USC 4551-55 (Armament Retooling & Manufacturing Support Initiative)	Facility Use	Commercial firms as subcontractors/tenants	Use of idle ammo GOCO buildings and equipment by private businesses	Tenant contracts limited to 25 years	Rent paid to facility use contractors who perform in kind work for government	MSC/LCMC by practice
Section 343 of Public Law 106-398, as amended; 10 U.S.C. 4551. Note: Arsenal Support Program Initiative.	Facility and workforce use	Commercial firms	Use of arsenal/workforce for weapons manufacturing; subcontracts for commercial use	Expires in 2008 Secretary of the Army must report to Congress by 1 July 2007 Use must be consistent with 10 USC 4543	Contractor must contribute to operation and maintenance of arsenal	MSC/LCMC by practice

## Appendix E

Reporting Content and Frequency		
Reportable Data Elements	WPU/Quarterly	Annual
Weapon System Supported or Product/Service Provided	X	X
Partner's Name	X	X
Facility and Partner's Capital Investments	●	X
Total Annual Revenue and Partnership-Related Annual Revenue.	●	X
Facility and Plant Utilization	●	X
Direct Labor Hours Generated	●	X
Jobs Created: Government and Private Sector	●	X
Overhead Savings:	●	X
Type of Agreement Including Statutory or Legal Foundation	X	X
Other Partnership Goals	●	X
<b>X = Required</b> <b>● = Report progress against facility-specific performance goals</b>		



## **Appendix F**

### **Report of Prospective Partnership**

Provide the following information/data to HQ AMC's G-7 for prospective partnerships.

- a. Weapon system(s) supported and product/service provided
- b. Partner's name (In the case where a partnership is part of a procurement competition, the name of the potential partner will be withheld until contract award)
- c. Benefit to Army/impact on Partnership goals
- d. Type of agreement (contract, leasing arrangement, MOA, among others)
- e. Statutory or Legal foundation